

MIDDLESBROUGH BOROUGH COUNCIL
CODE OF CORPORATE GOVERNANCE
2008

Part A – Corporate Governance Framework

Introduction

1. This document sets out the Council's policy in relation to corporate governance. It draws strongly on the good practices already established within Middlesbrough Council and in the framework document published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). Members and staff are bound equally by its content.
2. Traditionally, corporate governance has been associated with ethics and standards of conduct. Essentially, Members and staff have been bound by a set of rules in conducting the Council's business, and it tended to be only when these boundaries were transgressed that the public became aware of them. But, just as modernisation has changed the way that local government goes about its business, corporate governance has also been transformed.
3. Corporate Governance is now defined within the CIPFA/SOLACE framework document as "the system by which local authorities direct and control their functions and relate to their communities". In other words, the way, in which organisations manage their business, determine strategy and objectives and go about achieving those objectives. This emphasises the Council's key role in governing and leading the community and that effective local government relies on public confidence in elected councillors and officials. Where good corporate governance is in place it underpins credibility and confidence in our public services.
4. Following the publication by CIPFA / SOLACE in 2007 of a revised version of the framework entitled 'Delivering Good Governance in Local Government', Middlesbrough Council has revised its own governance arrangements in order to reflect the principles of the new framework.
5. The Council's Corporate Governance and Assurance Framework consists of two fundamental parts, Part A: The Corporate Governance Framework, which provides the corporate governance infrastructure, and Part B: The Assurance Framework, which provides the means through which management will monitor compliance and direct further improvements.

Key Principles

6. Good corporate governance is based on three basic principles
 - Openness and inclusivity
 - Integrity
 - Accountability

and the Council is committed to these through the adoption of this policy. To do this everybody must monitor systems and processes for their effectiveness in practice and keep them under review to ensure that they are up to date. For this reason, the framework is in two parts. The first sets out the Council's arrangements and the second sets out the procedures for regularly monitoring their effectiveness and making appropriate changes to deliver the continuous improvement that the Council and its stakeholders would expect.

7. Openness is required to ensure that stakeholders can have confidence in the decision making and management processes of local authorities and in the approach of the individuals within them. Being open, through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders and potential stakeholders have the opportunity to engage effectively with the decision making processes and actions of the Council. It requires an outward focus and a commitment to partnership working. It calls for innovative approaches to consultation and to service provision.
8. Integrity is based on straightforward dealing and completeness. It is based on honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and management of the Council's affairs. It is dependent upon the effectiveness of the control framework and on the personal standards and professionalism of the members and staff within the Council. It is reflected in the Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting.
9. Accountability is the process whereby the Council, members and the staff are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate scrutiny both internal and external. It is achieved by everybody having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.
10. The concept of leadership overarches these three principles. These principles can only be adhered to if leadership is exercised through:
 - The Council providing vision for the community and leading by example in its decision making and other processes and actions
 - Members and managers conducting themselves in accordance with high standards of conduct.
11. Middlesbrough Council is committed to the principles of good governance, and has adopted the six core principles of the CIPFA / SOLACE framework as follows:

1	Middlesbrough Council will focus on its purpose and will implement a vision for both Middlesbrough and its local communities to achieve the intended outcomes for the community.
2	The Council's members and officers will work together to achieve a common purpose with clearly defined functions and roles.
3	Middlesbrough Council will promote values and demonstrate good governance by upholding high standards of conduct and behaviour.
4	Middlesbrough Council will take informed and transparent decisions that promote value for money and are subject to effective scrutiny and risk management.
5	Middlesbrough Council will seek to develop the capacity and capability of members and officers to be effective.
6	Middlesbrough Council will engage with residents, parish councils and other stakeholders as appropriate to promote robust public accountability.

12. The intention of the Council is that it will aspire to publish an unqualified Annual Governance Statement following completion of its annual review of Corporate Governance. Through having in place sound governance arrangements the Council aims to achieve the highest score in the Audit Commission Comprehensive Performance Assessment for the Use of Resources.

Our Aims

13. Openness and inclusivity. Openness is an essential element of governance and ready access to information and transparency of decisions is critical to public confidence. The principle of openness has been enhanced to emphasise the need to engage with communities on an inclusive basis; taking care to include those often referred to as "hard to reach".
- Through the modernisation process, the Council has already been successful in making information about its key decisions more accessible to stakeholders; these are now publicised in advance, reports and decisions are open and available to the public via the website and information held at the Town Hall and public libraries whenever possible, meetings are held in public with very few reports marked as confidential.
 - Again, through modernisation, we have engaged in consultation with the community and are constantly working on more innovative ways to deliver services to stakeholders and engage them in determining appropriate levels and means of delivery.
 - Our local strategic partnership (LSP) brings together around 40 representatives from public, private, voluntary and community sectors, providing particularly invaluable outreach to, and engagement from various sectors of the community.
 - Through our Equality and Diversity Policies we are seeking to be inclusive and deliver services to all sectors of the community in a manner that will seek to ensure that all who are in need of services have the opportunity to take up the services.

Our aim is to build on this success.

- Through the Sustainable Community Strategy we will set out Middlesbrough's vision and corporate strategy in response to community needs and will continue to review its effectiveness through consultation with our stakeholders, partners and potential stakeholders (such as future users)
- We will strive to put as much information as possible into the public domain and to make it available electronically wherever and as soon as possible
- Reports, background papers, decisions and meetings will generally be accessible to the public and other stakeholders as set out in part 4 of the Constitution.
- Our standards will be set out in a manner which is unambiguous, understandable and accessible for all those in our community

14. Integrity Stakeholders and potential stakeholders have a right to expect the highest possible standards of honesty, selflessness and objectivity from the Council's officers and members. We are judged by the way we are seen to manage public funds, how we make decisions, standards of service delivery and through the quality of our financial and performance reports.

15. In this area too, the Council has well-established arrangements many of which are built on the personal standards and professionalism of officers and members.

- We already have well documented control mechanisms
- We have established and continue to establish effective relationships and partnerships with other public agencies, the private and voluntary sectors through initiatives such as the LSP, West Middlesbrough Neighbourhood Trust (WMNT), Sure Start and others.
- We have a constitution including a directly elected Mayor supported by procedure rules, schemes of delegation and member and officer protocols, all of which clearly set out the rules by which the Mayor, members and officers are bound in setting policies, taking decisions and delivering services. These also set out the consequences of non-compliance.
- The Council regularly assesses and reviews its strategic and operational risks and maintains appropriate financial balances to deal with emergencies and other unforeseen circumstances.
- The Council has an established network of intermediaries.

Our aim is to ensure that the Council maintains high standards of integrity.

- We will review our Constitution and supporting documents to determine whether we are delivering what we set out to achieve and the public has confidence in those systems and procedures
- We will respond honestly and fairly to any challenge to our integrity and make changes where we are legally able to do so and where this is appropriate and proportionate to the risk
- We will continue to engage with the whole community and develop partnerships alongside the LSP to ensure the right provision of services locally

16. Accountability Like all Councils, Middlesbrough is accountable to stakeholders for its performance, its effectiveness in the delivery of

services and the sustainable use of resources. The Council demonstrates this through a mixture of prescribed statements and documents that are either delivered to every household and business or are available for inspection at designated points within the district.

- Middlesbrough has published its 2005 and is developing its Sustainable Community Strategy.
- Every year we publish our annual report including the Council's financial statements for the previous year
- The Council's Annual Audit Letter has reported favourably on the Council's accounts, financial aspects of corporate governance and the Council's performance
- Reports provide named officer contacts, telephone numbers and e-mail addresses
- The Council has adopted a Local Code of Conduct for Members
- The Council has achieved recognition for its performance, engagement and consultation through the award of Beacon Status in 2002 for Neighbourhood Renewal.
- External assessment by the Audit Commission in 2007 scored Middlesbrough as a 4* improving strongly council, which is the highest rating possible.
- The Deputy Mayor meets with individual executive members on a six weekly cycle to assess performance.
- Council members produce annual reports.

17. Leadership in response to the Local Government Act 2000, Middlesbrough opted for the Mayor and Executive Model and these arrangements became effective in May 2002. Subsequent evaluations undertaken by external assessors have found this system to be working well.

Anti-Fraud & Corruption Strategy

18. In administering its responsibilities, the Council is determined to act against fraud and corruption, whether it is attempted on the Council from outside or inside, and is committed to an effective Anti-Fraud and Corruption Strategy designed to
- Maximise prevention
 - Promote detection
 - Identify a clear pathway for investigation and action
19. The Anti-Fraud and Corruption Strategy recognises that the public have a right to expect the highest possible standards of honesty and integrity from the Council, its officers and the individual members elected to represent them, and that the actions of those persons are free of fraud and corruption. Equally, the Council expects all individuals and organisations with whom it conducts business to act with integrity and without thought or actions involving fraud and corruption.

20. Like all local authorities, Middlesbrough operates within a statutory framework which governs the behaviour of elected members and officers, in addition to which, it has a well-established framework of guidance on best practice which is laid down in its Procedure rules, the Scheme of Delegations and the new codes of Conduct for Members and for officers. As part of modernisation it has also established the Standards Committee.
21. The aim of the Anti Fraud & Corruption Strategy is therefore that it should be the Council's policy statement of its strategy for combating and dealing with fraud and corruption both within and against the authority. As such, it provides an overview of the key principles to be observed by members and officers (identified in the Audit Commission report "Protecting The Public Purse"). It does not seek however, to detail the specific requirements which are contained in the Constitution and the Employees Conditions of Service, and thus avoids duplication of effort and the possibility of conflicting advice from different documents.
22. Having established a strategy for dealing with fraud and corruption, the Council will, through the Director of Resources, keep under review its Financial and Contract Procedure Rules and other procedures to ensure that these continue to contribute to a strong control environment within the Council, and that these arrangements remain appropriate and adequate for the prevention and detection of fraud and corruption and provide a sound basis on which to secure cost-effective service provision for local taxpayers.

Part B – The Assurance Framework

Monitoring Review

OPERATION

23. To be considered to have effective corporate governance, Middlesbrough Council needs to be able to demonstrate that the three key principles have been complied with and that they are put into practice as an integral part of carrying out the Council's business. The CIPFA/SOLACE guidance sets out the six core principles of corporate governance and this second part of the code illustrates the method by which the Council intends to deliver each of the requirements which have been identified within the Delivering Good Governance in Local Government' framework document and which is recommended best practice
24. In practice, Middlesbrough has already established many of these mechanisms. Some of these work well as they are and need no further work but we recognise that others need slight modification now. The remaining few, mainly new initiatives under the corporate governance heading for the first time will need to be developed. All will need to be kept under review and the method of delivery periodically tested and re-evaluated to ensure that it remains appropriate, proportionate and up to date.

1. Middlesbrough Council will focus on its purpose and will implement a vision for both Middlesbrough and its local communities to achieve the intended outcomes for the community.

Requirement	Delivery
Middlesbrough Council will:	Anti-fraud and anti-corruption strategy
Develop and promote the authority's purpose and vision	Complaints Standing Orders Equality and Diversity Financial Regulations/Instructions
Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements	Procurement Standing Orders Risk Strategy Whistle-blowing Strategic Plan
Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Service business plans Communication Strategy Constitution Medium Term Financial Plan
Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	VFM Strategy Comprehensive Performance Assessment (Annual scorecard) Annual Inspection letter
Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	
<input type="checkbox"/> Put in place effective arrangements to identify and deal with failure in service delivery	
Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions	

2. The Council's members and officers will work together to achieve a common purpose with clearly defined functions and roles.

Requirement	Delivery
Middlesbrough Council will	Business Continuity Code of Conduct Staff Code of Conduct Members Member/Officer protocol Public Consultation Scheme of Delegation Standing Orders Financial Regulations
Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice	Local Area Agreement Local Strategic Partnership Library Focus Groups Partnership engagement framework Participation of communities in LSP's board, executive and action groups plus regular stakeholder conferences
Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Middlesbrough neighbourhood survey Formal scrutiny process
<input type="checkbox"/> Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for the collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required	

Make the chief executive responsible and accountable to the authority for all aspects of operational management	Quarterly performance and budget clinics Integrated performance and budget clinics
Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	
Make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	
Make the monitoring officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	
Develop protocols to ensure effective communication between members and officers in their respective roles	
Set out the terms and conditions for the remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel	
Ensure that effective mechanisms exist to monitor service delivery	
<input type="checkbox"/> Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	
When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	
When working in partnership; ensure that there is clarity about the legal status of the partnership and ensure that representatives of organisations both understand and make clear to all other parties the extent of their authority to bind their organisation to partner decisions	

3. Middlesbrough Council will promote its values and demonstrate good governance by upholding high standards of conduct and behaviour.	
Requirement	Delivery
Middlesbrough Council will:	Anti-fraud and Anti-Corruption Code of Conduct Members Complaints Code of Conduct Staff Equality and Diversity Health and Safety Premises Security
Ensure that the authority's leadership sets a tone for the council by creating a climate of openness, support and respect	
<input type="checkbox"/> Ensure that standards of conduct and personal	

behaviour expected of members and staff, of work Strategy between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols

Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice

- Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners
- Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice
- Develop and maintain an effective standards committee

Use the organisation’s shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority

- In pursuing the vision of a partnership agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners’ behaviour both individually and collectively

4. Middlesbrough Council will take informed and transparent decisions that promote value for money and are subject to effective scrutiny and risk management.	
Requirement	Delivery
Middlesbrough Council will:	Anti-fraud and anti-corruption strategy
Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority’s performance overall and that of any organisation for which it is responsible	Complaints Data Protection Act Executive forward plan Freedom of Information Act Financial Regulations/Instructions IT Security
Develop and maintain open and effective	Risk Strategy

mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Scheme of Delegation Standing Orders Whistle-blowing Constitution
Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Scrutiny arrangements Performance and budget clinics Formal submission of executive member reports to Council Individual executive member
Develop and maintain an effective audit committee) which is independent of the executive and scrutiny functions	accountability meetings Key decision making processes booklet
<input type="checkbox"/> Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	
<p>Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p>	
<input type="checkbox"/> Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	
<input type="checkbox"/> Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs	
<p>Ensure that effective arrangements for whistle blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access</p>	
<p>Actively recognise the limits of lawful activity placed on the authority by, for example, the ultra- vires doctrine but also strive to utilise its powers to the full benefit of the community</p>	
<input type="checkbox"/> Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on the authority by public law	
<input type="checkbox"/> Observe all specific legislative requirements placed upon the authority, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into its procedures and decision making processes	

5. Middlesbrough Council will seek to develop the capacity and capability of members and officers to be effective.	
Requirement	Delivery
Middlesbrough Council will:	Capability, Disciplinary and Dismissal

Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Code of Conduct Members Code of Conduct Staff Equality and Diversity IT Security
Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority	Pre-employment Regulation of Investigatory Powers Act (RIPA) Whistle-blowing Member Training Schedule
<input type="checkbox"/> Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Corporate IIP Risk management strategy and toolkit Workforce development plan
<input type="checkbox"/> Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	Corporate Governance Group - <i>Annual review of Corporate Governance</i>
<input type="checkbox"/> Ensure that effective arrangements are put in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs	
Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	
Ensure that career structures are in place for members and officers to encourage participation and development	

6. Middlesbrough Council will engage with residents, parish councils and other stakeholders as appropriate to promote robust public accountability.	
Requirement	Delivery
Middlesbrough Council will:	Anti-fraud and Anti-corruption Business Continuity
Make clear to itself, all staff and the community to whom it is accountable and for what	Complaints Equality and Diversity Executive Forward Plan
<input type="checkbox"/> Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required	Health and Safety IT Security Public Consultation Scheme of Delegation Security of Premises
Produce an annual report on the activity of the scrutiny function	Standing Orders Whistle-blowing
<input type="checkbox"/> Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring	

arrangements and ensure that they operate effectively

Hold meetings in public unless there are good reasons for confidentiality

Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands

Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultations to demonstrate what has changed as a result

On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period

Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so

Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

25. The delivery column of the above matrices sets out how these requirements are currently delivered and each delivery method is underpinned by a tangible and measurable document or system.
26. Each area of governance has a senior officer assigned to it and this is shown in the table below. In some cases it has been necessary to further sub-divide the areas of governance because of split responsibilities, but every role has a champion assigned to it. The "champions" will be responsible for keeping the service delivery method under review, measuring outcomes and ensuring that they remain appropriate proportionate and are up to date, taking legislative and other changes into account. In addition, to their responsibility for keeping the supporting documents up to date these officers are also responsible for making sure that they are available to those that want or need access to them.
27. In order that the monitoring and review processes remain proportionate to the size of the authority and the council has not opted for a detailed record to be maintained by champions and senior managers. There are many areas where monitoring and review is already built into e.g. the publication of various documents and improvement and change can be measured by outputs.

28. The council has established a corporate governance team
29. All Heads of Service / Service Directors participate in the annual review of Corporate Governance by completing each year a Service Assurance Statement. Where areas for improvement have been identified within services annual review of Corporate Governance, Heads of Service / Service Directors have a duty to draw up an action plan and ensure improvements are made
30. The findings from the review exercise carried out by the Corporate Governance Team, together with the assessment of compliance against each of the supporting principles, and work carried out by Audit and Risk Assurance in accordance to the annual audit plan, will be drawn together into the Annual Governance Statement, for review by the Audit Committee and Corporate Affairs Committee.
31. The Annual Governance Statement will provide an assessment of Middlesbrough Council's arrangements across all activities, with a clear statement of the actions being taken, or required to be taken, in order to address areas of concern.

Area of Governance	Responsible Chief Officer	Senior Manager (s)
Assets	Director of Resources	
Conduct	Chief Executive	Monitoring Officer Head of HR (Client Services) Director of Resources
Data Protection	Partnership Manager	Data Protection Officer
Access to Information	Director of Legal & Democratic Services	Member Services Manager
Financial Management	Director of Resources	All
Internal Audit	Director of Resources	
Project Management	All Chief Officers	
Performance Management	Head of Corporate Performance	
Risk Management	Corporate Management Team	
Service Delivery	All Chief Officers	All
Staffing	All Chief Officers	Head of HR (Client Services)
Structure	Chief Executive	Chief Officers